Statement of Congressman Paul on HR 180

Darfur Accountability and Divestment Act

July 30, 2007

Madam Speaker, HR 180 is premised on the assumption that divestment, sanctions, and other punitive measures are effective in influencing repressive regimes, when in fact nothing could be further from the truth. Proponents of such methods fail to remember that where goods cannot cross borders, troops will. Sanctions against Cuba, Iraq, and numerous other countries failed to topple their governments. Rather than weakening dictators, these sanctions strengthened their hold on power and led to more suffering on the part of the Cuban and Iraqi people. To the extent that divestment effected change in South Africa, it was brought about by private individuals working through the market to influence others.

No one denies that the humanitarian situation in Darfur is dire, but the United States government has no business entangling itself in this situation, nor in forcing divestment on unwilling parties. Any further divestment action should be undertaken through voluntary means and not by government fiat.

HR 180 is an interventionist piece of legislation which will extend the power of the federal government over American businesses, force this country into yet another foreign policy debacle, and do nothing to alleviate the suffering of the residents of Darfur. By allowing state and local governments to label pension and retirement funds as state assets, the federal government is giving the go-ahead for state and local governments to play politics with the savings upon which millions of Americans depend for security in their old age. The safe harbor provision opens another dangerous loophole, allowing fund managers to escape responsibility for any potential financial mismanagement, and it sets a dangerous precedent. Would the Congress offer the same safe harbor provision to fund managers who wish to divest from firms offering fatty foods, growing tobacco, or doing business in Europe?

This bill would fail in its aim of influencing the government of the Sudan, and would likely result in the exact opposite of its intended effects. The regime in Khartoum would see no loss of oil revenues, and the civil conflict will eventually flare up again. The unintended consequences of this bill on American workers, investors, and companies need to be considered as well. Forcing American workers to divest from companies which may only be tangentially related to supporting the Sudanese government could have serious economic repercussions which need to be taken into account.